

APPENDIX C: ECONOMIC DEVELOPMENT

EXISTING CONDITIONS

Despite occasional downturns brought on by national economic recessions, York County has experienced long-term economic growth during the post-World War II era. In the late 1950s, the development of the Amoco refinery and the Virginia Power Yorktown Power Station provided the County with a strong heavy industrial base, providing approximately 400 well-paying jobs and greatly bolstering local tax revenues. The County's second recent economic expansion began in the 1970s and continued throughout the 1980s. During this time, York County experienced dramatic new motel construction and retail development. Motel construction in the upper County was largely a result of the widening of Bypass Road (Route 60) and the private provision of public water and sanitary sewer service to this area. This provided York County with a viable location to attract new lodging spaces demanded by increasing visitation to the Williamsburg area. The dramatic growth in the County's retail sales resulted from both the development of several new shopping centers to serve a growing residential population and the tourist commercial development mentioned above.

Spurred by a second retail boom, York County's economic growth in the 1990s has surpassed that of its neighbors not just on the Peninsula but throughout the metropolitan area. Although perceived primarily as a "bedroom community," York County attracted nearly \$100 million worth of commercial and industrial development from 1990 through 1996, creating almost 1,000 new jobs and boosting taxable sales by over \$100 million. Wages have lagged, however, because most of the new jobs have been in the relatively low-paying retail trade and services sectors.

Employment

For decades York County's employment base has been dominated by the Federal government, primarily the Yorktown Naval Weapons Station. Although the government--Federal, State, and local--still dominates the jobs base with a 29% share, the County is making the transition from a public sector-based economy to one that is increasingly reliant on the private sector. In 1980, the public sector accounted for more than half of the County's employment base; by 1990 it accounted for about a third. Although Federal employment cutbacks have contributed to this transition, most of it is due to strong private sector job growth: for every government job lost between 1980 and 1990, **ten** private sector jobs were created, resulting in a net increase of over 3,800 jobs, or 47%. Job growth has continued in the 1990s, albeit not at the same rapid pace. Between 1990 and 1996, the County's employment base has grown by almost 9%, and *private sector* employment has grown **19%** (1,560 new jobs).

AT-PLACE EMPLOYMENT: SELECTED JURISDICTIONS								
JURISDICTION	1991	1992	1993	1994	1995	1996	1997	Percent Change 1991-97
Hampton	58.3	58.1	58.9	58.4	58.8	58.4	59.5	2.1%
James City County	15.9	17.8	17.3	18.0	19.6	19.8	19.8	24.5%
Newport News	84.8	85.1	84.8	85.0	85.3	87.5	91.7	8.1%
Poquoson	1.2	1.2	1.4	1.4	1.4	1.5	1.5	25.0%
Williamsburg	15.2	14.5	15.4	15.6	17.1	17.7	17.5	13.8%
YORK COUNTY	12.1	12.4	12.8	13.2	13.5	13.8	14.6	20.7%
Peninsula	187.5	189.1	190.6	191.6	195.7	198.7	204.6	9.1%
Norfolk MSA	570.7	577.2	586.9	609.1	620.7	632.4	656.8	15.1%
Virginia	2,776.1	2,797.7	2,868.7	2,953.4	3,024.6	3,080.5	3,171.7	14.3%

Source: Virginia Employment Commission

Table 15

In comparison with surrounding localities, York County has more of its employment in government and construction and less in trade, services, and F.I.R.E. (Finance/Insurance/Real Estate). *Private* sector employment is dominated, as in every Peninsula locality except Newport News (home of Newport News Shipbuilding and Drydock), by retail trade and services. Most of the new jobs created during the 1990s have been in these two sectors, which increased between 1990 and 1996 by 6.3% and 5.6% respectively. The remaining employment sectors did not change significantly.

Wages

As shown in **Table 16**, wages in York County are average in comparison with those offered in surrounding jurisdictions and are below average in comparison with the metropolitan area and the state. As the proportion of relatively low-paying retail trade and services sector jobs has grown and that of well-paying Federal jobs has declined, York County has lagged behind most of its neighbors in wage growth. The average weekly wage in the County increased by 6.5% between 1991 and 1996, while the metropolitan area and the State, by comparison, experienced wage increases of 13.6% and 16.9% respectively. When adjusted for inflation, the average weekly wage in York County actually *fell* by 7.8% while the average for the metropolitan area declined 1.4% and the statewide average increased 1.5%. On the Peninsula, where wages are below the average for the metropolitan area and well below the State average, only James City County experienced weaker wage growth than did York County.

Retail Sales

With the exception of the 1989-91 period when the nation was in the midst of a recession, retail sales in the

COMPARATIVE AVERAGE WEEKLY WAGES, 1991-1996 (For Quarter ending June 30)								
JURISDICTION	1991	1992	1993	1994	1995	1996	1997	Percent Change 1991-1997
Hampton	\$421	\$422	\$433	\$454	\$468	\$466	\$476	10.7%
James City County	\$383	\$347	\$379	\$378	\$376	\$403	\$410	5.2%
Newport News	\$435	\$451	\$465	\$483	\$490	\$501	\$507	15.2%
Poquoson	\$295	\$297	\$299	\$315	\$311	\$332	\$331	12.5%
Williamsburg	\$337	\$352	\$354	\$373	\$367	\$377	\$398	11.9%
YORK COUNTY	\$385	\$399	\$396	\$395	\$407	\$410	\$430	6.5%
NORFOLK MSA	\$403	\$406	\$419	\$434	\$445	\$458	\$474	13.6%
VIRGINIA	\$451	\$464	\$478	\$497	\$506	\$527	\$550	16.9%

Source: Virginia Employment Commission, Covered Employment and Wages in Virginia by 2-Digit SIC Industry (published quarterly)

Table 16

County have been on the rise since 1980, with especially strong growth spurts in 1986-87 and 1993-94 (see **Figure 17**). Taxable retail sales in York County have skyrocketed in recent years, increasing 60% between 1991 and 1997. In *real* terms (i.e., adjusted for inflation), this represents a sizable increase of 25% in five years. York County's percentage increase in retail sales during this period far exceeded those of neighboring localities as well as the metropolitan area and the State. As a result, York County's share of Peninsula retail sales increased from 8.7% in 1990 to 10.9% in 1997. Most of the sales growth in recent years has been in the General Merchandise Group, where sales more than doubled – increasing by \$78.3 million – from 1990 to 1995. In per capita retail sales, York County ranks fourth on the Peninsula behind Williamsburg, James City County, and Hampton.

TAXABLE SALES, 1990-1997 (Thousands of Dollars)									
JURISDICTION	1990	1991	1992	1993	1994	1995	1996	1997	Percent Change 1988-97
Hampton	937.7	926.2	999.5	977.3	1,010.1	997.7	1,007.9	1,095.2	17%
James City County	328.3	385.2	368.1	382.2	406.5	449.8	502.4	534.3	63%
Newport News	873.0	861.6	976.5	1,041.9	1,047.1	1,134.1	1,169.6	1,245.2	43%
Poquoson	24.1	24.5	24.7	25.5	24.5	26.3	27.6	28.3	17%
Williamsburg	300.7	253.3	262.8	304.5	324.8	331.3	293.7	317.7	6%
YORK COUNTY	227.6	224.6	241.7	284.0	325.3	342.6	361.7	393.1	73%
Peninsula	2691.4	2675.4	2873.3	3,015.4	3,138.3	3,281.8	3,362.9	3,613.8	34%
Norfolk MSA	8,729.8	8,619.0	9,019.2	9,687.8	10,191.7	10,713.0	10,996.7	11,663.4	34%
Virginia	42,001.4	41,213.8	42,904.9	46,705.7	49,728.1	52,087.0	53,923.3	57,047.8	36%

Source: Virginia Department of Taxation

Table 17

Tourism

As noted earlier, York County experienced a dramatic increase in tourism during the 1970s and '80s as development occurred along the Bypass Road corridor. This was reflected in the County's Hotel/Motel/Tourist Court and Camp Sales, which increased from \$761,000 in 1970 to \$6.4 million in 1980 and \$23.4 million in 1990. Motel sales stalled in the late 1980s, however, declining for four consecutive years before turning upward again in 1995. Between 1988 and 1996, the County's share of Peninsula motel sales dropped from 12.3% to 9.2%.

Average annual motel occupancy rates have been fairly stable during the 1990s. Although specific occupancy rates for the County are not available, such data is available for the Williamsburg market area, which includes about 90% of the lodging spaces in York County as well as James City County and the City of Williamsburg. Tourism in the Williamsburg area is highly seasonal, with peaks in the summer and troughs in the winter. As a result, the motel occupancy rate typically ranges from a low of 15%-20% in January to a high of 85%-90% in July. The average annual rate is approximately 55%.

Tax Revenue

Business growth has had a strong impact on the County's tax base. Total tax revenues generated by commercial and industrial development almost doubled between 1990 and 1995, increasing from \$10.4 million to \$19.4 million. Although a portion of this increase is attributable to increases in the real estate tax rate, it is taxes *other* than the real property tax--such as the business personal property, business professional occupation licensing (BPOL), and machinery and tools taxes--that are responsible for the majority (60%) of this increase. Though substantial, York County's economic growth during the 1990s has been largely overshadowed by residential growth. Consequently, the residential share of the County's real property tax base grew slightly (from 67% to 68%) from 1990 to 1995, while the residential share of the County's *total* tax base increased from 43% to 45%.

ECONOMIC OPPORTUNITIES AND CONSTRAINTS

Businesses consider a variety of factors when making locational decisions. York County must concentrate on these both to attract new businesses *and* to retain existing ones. Those factors that work to the County's advantage are considered opportunities, whereas those on which the County needs to improve are constraints.

Labor Force

Business needs access to a labor force that is not just well-trained but also readily trainable. This is particularly important in today's environment of rapid, ongoing change that requires continual education and retraining of employees. As noted in the Demographic Profile, York County has a well-educated and highly trained labor force, and graduates from County schools continually rank at or near the top in the region on education output measures such as test scores and graduation rates. The County is also home to many highly trained military retirees. Unfortunately, many if not most of the high-paying jobs held by County residents are located outside the County. This is how York County maintains such a high median household income relative to surrounding localities while the wages, in general, are only average.

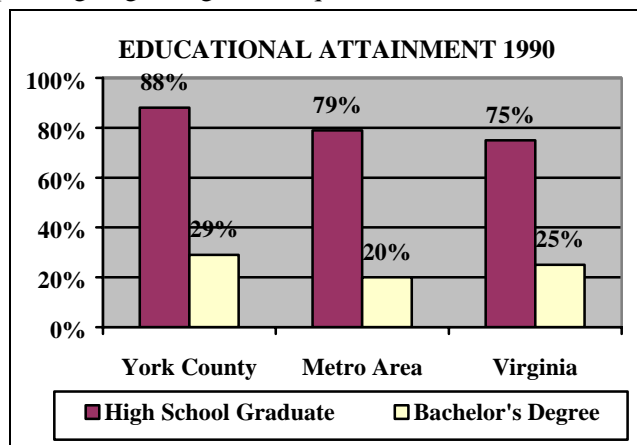


Figure 23

Infrastructure

Businesses need accessibility, and in a vehicle-oriented economy, immediate proximity to the Interstate highway system is essential. York County enjoys close proximity to four I-64 interchanges and has another

three full interchanges located entirely within the County. In addition, the planned extension of Fort Eustis Boulevard eastward from its present terminus at Route 17 to the intersection of Goodwin Neck Road and Seaford Road will provide a direct interstate connection to 182 acres of undeveloped industrial land in the Goodwin Neck area, dramatically improving the access and hence the marketability of this land for economic development. Another Economic Development Priority Area of the County where access needs to be improved is the area south of Victory Boulevard. Extension of Commonwealth Drive from Route 171 to Route 17 would open up a large section of vacant industrial property to development.

With regard to air transportation, the Peninsula is at a competitive disadvantage with other areas and regions. Newport News/Williamsburg International Airport, located in Newport News with runways extending into York County, serves the Peninsula with few direct flights while Norfolk International Airport and Richmond International Airport offer many more flights but are about an hour away from most areas of the County. All three airports are considering future expansion plans.

Like the transportation network, utilities are a vital component of a locality's infrastructure and thus its relative attractiveness to business and industry. York County has made a significant investment in providing public water to the Lightfoot area to attract economic development, but there are other areas that have a strong potential for economic development provided that the infrastructure is in place. These Economic Development Priority Areas are shown on Map 4 and include the Lightfoot area, the Camp Peary interchange, the Mershon-Royalls and Egger tracts in the upper County, the Virginia Power property on Old York-Hampton Highway, and the Victory Boulevard/Commonwealth Drive area.

Business Costs

Obviously, the cost of doing business in a locality is an important component of its attractiveness as a business location. York County offers favorable tax rates and wage rates are below the average for both the state and the region. The cost of constructing a new industrial plant or office building also figures into business locational decisions. In general, manufacturing businesses would rather occupy an existing building than build a new one. Studies have shown that over 70% of relocating businesses only consider localities with available industrial buildings. Light industrial and office development on the Peninsula has been largely concentrated in Hampton and Newport News, which boast fully serviced properties such as Copeland Industrial Park, Langley Research and Development Park, and Oyster Point. Unfortunately, York County does not have such properties available at present; however, the Industrial Development Authority in partnership with the County and Virginia Power, has built a 60,000-square foot industrial shell building on Old York-Hampton Highway that is being marketed to businesses in search of a site.

Quality Of Life

Business locational decisions represent an investment in the community. Employees require a pleasant living environment that includes housing that they can afford, good schools, parks, and other recreational facilities and programs. Unlike older central cities that must face the daunting task of reversing negative images, York County is fortunate in that its natural locational and aesthetic advantages result in a very favorable image for the County. York County, which has the highest net migration rate in the metropolitan area and the fifth highest in Virginia, certainly offers a pleasant living environment.

CHANGES SINCE 1991

Since the adoption of the Comprehensive Plan in 1991, York County has attracted over \$70 million in commercial and industrial development, including both new construction and expansion of and alterations to existing construction. Many of the new businesses are located along Route 17, but Victory Boulevard (Route 171) has also emerged as a major commercial corridor and shopping destination not just for County residents but for people living in neighboring localities as well. In the upper County, the Route 199 corridor in the Lightfoot area has begun to attract economic development with the completion of Route 199 between I-64 and Richmond and the pending completion of International Parkway and the Mooretown Road extension. In addition, development of the Bypass Road (Route 60) corridor has continued with the construction of several new businesses oriented primarily toward the tourist market.

In addition, the County and the IDA have made significant investments in infrastructure since 1991, particularly in the Economic Development Priority Areas designated in the 1991 Comprehensive Plan, both to encourage new businesses to locate in the County and to retain existing businesses. These include the construction of an industrial “shell” building within the York River Commerce Park off of Old York-Hampton Highway; the extension of public facilities to the shell building and to the Lightfoot area; and the use of County funds to expedite construction of International Parkway, the Mooretown Road extension, and the extension of Fort Eustis Boulevard.